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FM AMEMBASSY REYKJAVIK
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2979
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RUEHNY/AMEMBASSY OSLO IMMEDIATE 0257
RUEHNO/USMISSION USNATO PRIORITY 0229
RHMFISS/HQ USEUCOM VAIHINGEN GE PRIORITY 0032
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UNCLAS SECTION 01 OF 02 REYKJAVIK 000357

SIPDIS

SENSITIVE

C O R R E C T E D C O P Y (PARA NUMBERING)

SIPDIS

DEPT FOR P (BAME), EUR/NB (MIDDLETON, MAHER), EUR/PPD
SECDEF FOR OSD/RA (COSTA), OSD/P (KELSO, HURSCH)
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SUBJECT: Iceland Defense Talks: PM Unveils Agreements for the Public

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11. (SBU) Summary: Iceland's Prime Minister Haarde presented the results of the last six months of U.S.-Iceland defense talks to his political opposition, the parliamentary foreign affairs committee, and the nation in meetings and an hour-long televised press conference September 26. Haarde - with the leader of the minority party in the coalition government by his side - described the provisions of the "Technical Agreement" to close Naval Air Station Keflavik and the "Joint Understanding" describing the way ahead in the bilateral security relationship, as well as a list of new Icelandic government initiatives on security issues. The opposition has yet to respond forcefully, perhaps intimidated by the breadth and depth of the defense framework Haarde has presented.

12. (SBU) Following the PM's announcement, Ambassador gave interviews to key Icelandic media, the first step in a rollout campaign to affirm America's continuing commitment to Icelandic security and our intention to help Iceland develop (through, e.g., exercises, training, and defense industrial cooperation) the capability to contribute more to its own security. That the GOI also unveiled some initiatives of its own - including a strategic studies think tank - reinforces our view that Haarde's government is now ready to break with Cold War-think and look seriously at how it can do its part to protect its people from contemporary threats. End summary.

13. (SBU) During the last round of U.S.-Iceland defense talks in Washington September 14, both sides were able to reach agreement on a technical agreement for the closure of Naval Air Station Keflavik (NASKEF), a political "Joint Understanding" on the way forward for defense relations, and amendments to certain classified annexes to the original 1951 Defense Agreement between the U.S. and Iceland. Prime Minister and Independence Party head Geir Haarde met with opposition party members and the Althingi (parliament) foreign affairs committee on 26 September to brief on the substance of the agreements. Haarde followed this at the end of the day with a pre-announced, nationally-broadcast press conference.

14. (U) In his hour-long press conference, Haarde - joined as in the other meetings by his junior coalition partner, Minister of Commerce Jon Sigurdsson of the Progressive Party, stepping in for the absent Foreign Minister - proclaimed himself satisfied with the results of the negotiations and affirmed that there was no fundamental change to the terms of the 1951 Agreement. He noted that he had spoken to U/S Burns earlier in the day to confirm that all the details were

taken care of on the U.S. side, and said Foreign Minister Sverisdottir and an appropriate official on the USG side would sign the Technical Agreement within the next few days. Haarde said he and the Foreign Minister will travel to Washington to sign the Joint Understanding in the next month.

¶5. (SBU) Haarde also unveiled a list (some not previously raised with the USG) of additional GOI initiatives for both the base transition and defense planning tracks, including:

- creation of a publicly-owned development corporation to manage the conversion of the former NASKEF site to civilian use;

- creation of a cabinet-level body similar to a national security council, with its first task the review of all public security legislation;

- increased interagency cooperation between police, Icelandic Coast Guard (ICG), and emergency services;

- purchase of new fixed-wing aircraft and ships for the ICG after new ICG helicopter acquisition is completed; and

- creation of a think tank on security issues to include representatives from all political parties.

¶6. (U) At the press conference, Haarde described at some length the substance of the Joint Understanding and Technical Agreement, noting at several points the government's satisfaction at the outcome of the negotiations. In particular, he described the USG's ongoing commitment to defend Iceland, which he noted goes beyond the guarantees offered by NATO membership. The PM pointed to the Joint Understanding's provisions on the intent to hold annual exercises in Iceland, and expressed his confidence that such exercises would underline the U.S. military's ability to defend Iceland with mobile, agile forces. He also described the GOI's hopes for further engagement with U.S. law enforcement agencies as well as the U.S. Coast Guard, as set out in the Joint Understanding.

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¶7. (U) Haarde also devoted considerable time to the issue of environmental mitigation at the NASKEF site, noting that the two governments had expended considerable effort on the matter. Commenting that it is simply not possible to run an airport without pollution, Haarde outlined U.S. military efforts at environmental cleanup over the years and emphasized that of the known 60 sites with some form of pollution, none are known to pose a danger to human health. The PM said the GOI was pleased with the information it had received from the U.S. military on environmental issues and said this information and further plans for environmental mitigation efforts would be made public.

¶8. (U) For his part, Minister of Commerce Jon Sigurdsson (standing in for Foreign Minister and fellow Progressive Party member Valgerdur Sverrisdottir, in New York for the UN General Assembly) affirmed his party's support for the agreements, and was even more direct than the PM on the need for Iceland to take a bigger responsibility for its own security. "We need to develop an independent capability so we can have a serious discussion about defense issues," Sigurdsson noted during the Q&A period following the PM's presentation.

¶9. (U) Initial reaction from opposition politicians was muted, as they sought to absorb and interpret the broad program Haarde had outlined:

- The leading opposition Alliance party deployed parliamentary whip Ossur Skarphedinsson, who welcomed the government's proposals for a multi-party security think tank and increased law enforcement and security agency cooperation. At the same time, Skarphedinsson complained that the talks' outcome still left Icelanders in doubt as to their security, as "no Icelandic except for two ministers has seen" the EUCOM defense plan for Iceland.

- Left-Green Chairman Steingrímur Sigfússon, a declared pacifist,

welcomed the departure of U.S. forces but criticized the GOI for permitting the U.S. to leave without bearing full responsibility for environmental issues on the base. He stated his opposition to future exercises and defense cooperation as outlined in the agreements, saying he had hoped Iceland would take the opportunity to abrogate the 1951 bilateral agreement and establish an independent foreign policy.

¶10. (SBU) Following the PM's announcement, Ambassador gave interviews to several of Iceland's leading media outlets. We plan to continue our outreach efforts in the media and with contacts from numerous affinity groups (e.g. parliamentarians, business leaders, students) over the days ahead.

¶11. (SBU) Comment: The PM played it straight during his press conference outlining the defense agreements, delving into the finer details of the agreements with confidence. His comprehensive overview of the documents will likely help to counter some criticism - already being voiced by opposition party members seemingly too overwhelmed by the sheer volume of information they received today to mount a nuanced riposte - that the GOI could have "gotten a better deal" if it had been better prepared for the talks. Similarly, Haarde's efforts to keep the focus on future bilateral cooperation in defense and security affairs, as well as the unveiling of a list of domestic GOI initiatives in this area, will be to our benefit as we seek to expand on this message in the weeks and months ahead. One indication of how far the conversation on security affairs has come in six months was the PM's use of the phrase "a new chapter" in Iceland-U.S. relations, the same metaphor that Icelandic media - convinced the base closure would bring to an end the U.S.-Iceland security saga - excoriated U.S. officials for using back in March.

VAN VOORST